

REVISED FISCAL IMPACT STATEMENT ON BILL NO. **H.3010, As Amended**

(Doc. No. 10539mm05.doc)

TO: The Honorable Ronald P. Townsend, Chairman, House Education and Public Works Committee
FROM: Office of State Budget, Budget and Control Board
ANALYSTS: Harry Bell, **Tricia Tangney**
DATE: *January 17, 2006* SBD: 2005077

AUTHOR: House Education and Public Works Committee PRIMARY CODE CITE: 59-40-10
SUBJECT: Charter Schools

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:
See Below

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:
\$0 (No additional expenditures or savings are expected)

BILL SUMMARY:

House Bill 3010, as amended, would amend the Charter Schools Act of 1996. The Bill establishes the Carolina Public Charter School District and would establish the district's governance, powers and duties, and provide for the manner in which a Charter School sponsored by this district would be formed, funded, regulated and governed.

EXPLANATION OF IMPACT:

The impact on the General Fund of the State depends on the number of charter school applicants who choose to seek sponsorship from the Carolina Public School District (CPSD). The entity sponsoring a charter school is responsible for accepting, reviewing and, approving or disapproving charter schools applications. Technical assistance and continuous monitoring would also be provided.

Based on a review by the State Department of Education it is estimated the CPSD would need 5.5 FTEs to include a Superintendent, Education Associate, Finance Officer, Director of Curriculum, an Administrative Assistant and a .50 Attorney. Total salary and fringe for these positions is estimated to be \$480,000. Other operating expenses including office space, supplies, materials and the cost of holding public meetings are estimated to be \$66,800. One-time office set-up for 5.5 FTEs is estimated to be \$19,250 (\$3,500 per FTE). Therefore, initial costs are estimated to be \$566,050, of which \$546,800 is recurring. Costs would likely increase as the number of applicants for charter school sponsorship increases.

Section 59-40-140 (B) states that the CPSD shall distribute state funds to charter schools based on the current year's base student cost multiplied by the weighted students enrolled in the charter school. The Education Finance Act (EFA) is funded with 70% state funds and 30% local matching funds. If it is the intent that the state pay 100% of the base student cost to charter schools sponsored by the CPSD there would be an additional impact on the state related to the 30% of EFA funds normally derived from the districts. There are currently 4,500 students attending charter schools. An additional 1,500 students are anticipated to begin attending charter schools next fiscal year (*FY2006-2007*). The average student carries an EFA weighting of 1.26. The impact for *FY 2006-2007* and subsequent years depends on how many charter schools are sponsored by the CPSD. If 25% of the students are attending charter schools sponsored by the CPSD the impact could be estimated at \$1,298,430 (6,000 students x 25% x 1.26 WPU x \$2,290 BSC per BEA x 30% local match rate). If 50% of the students are attending charter schools sponsored by the Carolina Public School District the impact could be estimated at \$2,596,860.

SPECIAL NOTES:

The italicized portion of this impact indicates the items that have been revised. For this impact, the revised constitutes information that was not available in the original impact.

Approved by:



Don Addy
Assistant Director, Office of State Budget